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# FOREIGN AGRICULTURE

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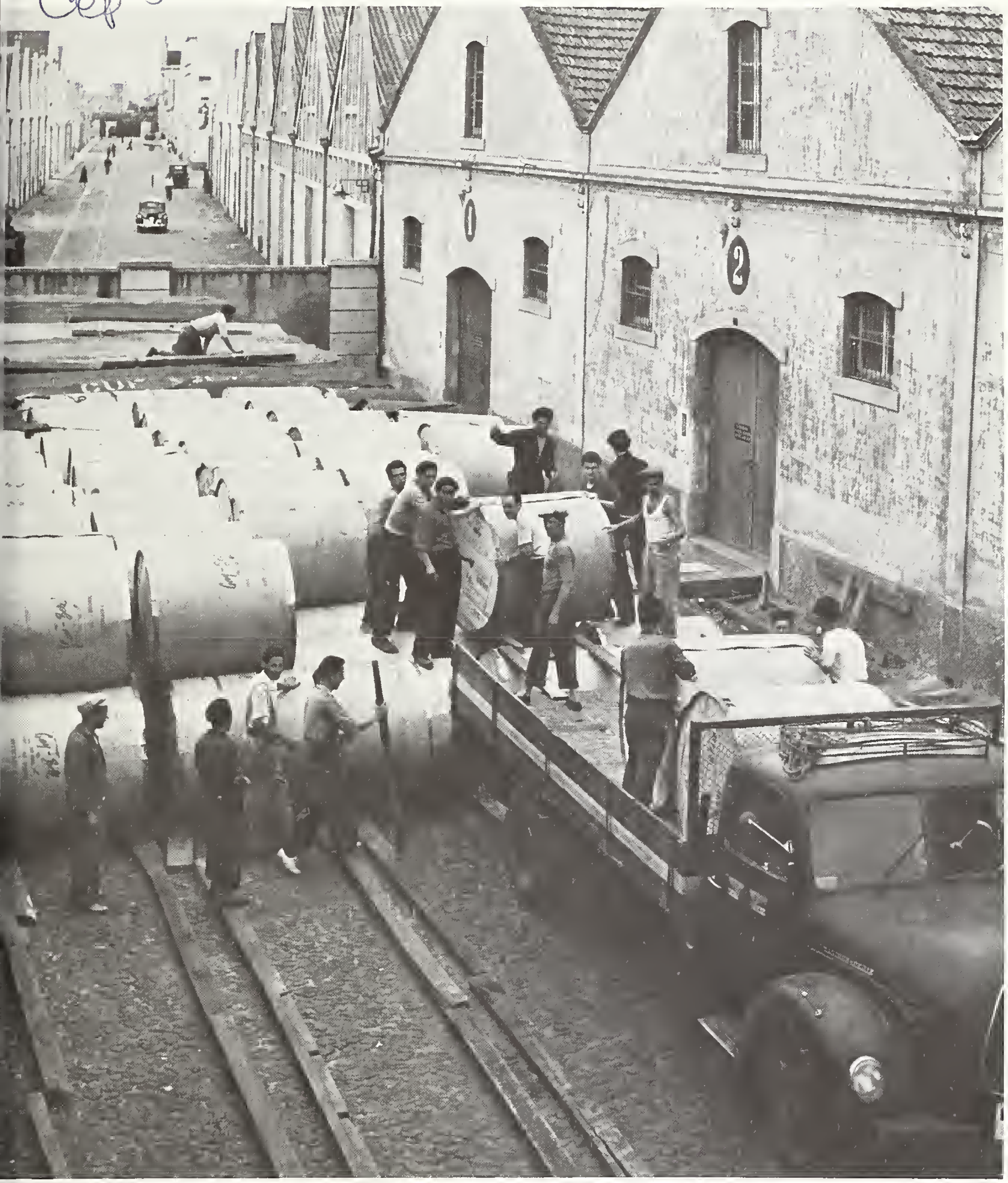

ading U.S. tobacco, Lisbon.

March 10, 1975

## India Purchases More U.S. Farm Products

## Canadian Farm Outlook

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

**FOREIGN AGRICULTURE**

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In this issue:



This week's cover:

U.S. tobacco arriving at factory warehouse in Lisbon. Portugal's imports of U.S. tobacco have increased in value during recent years—from $3.1 million average in 1969-71 to a preliminary $3.5 million in 1974. See article, page 13.



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# India May Buy Almost $1 Billion Of U.S. Farm Products in 1975

By JOHN B. PARKER, JR.
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Faced with the realities of a sharply reduced 1974-75 foodgrain crop and a precarious stock position, India has mounted a massive wheat import effort, in the process nearly tripling its wheat purchases from the United States. So great and so rapid has been the expansion, in fact, that India in fiscal 1975 may take some $800 million of U.S. farm products and in calendar 1975 come close to being a billion dollar U.S. farm market. And in contrast to the 1960's, when such trade was largely on a concessional basis, over 85 percent of it this year is expected to be for cash.

The United States will thus become India's leading agricultural supplier in fiscal 1975, and India will become this country's largest single commercial market for wheat. Last season, India ranked fourth as a U.S. wheat market behind the People's Republic of China, Japan, and the Soviet Union.

These large wheat imports come at a time of concern over another import—oil—which already has cost India much in terms of foreign exchange, domestic inflation, and scarcity of raw materials for fertilizer and pesticide manufacture. But since the initial shock of the 1973 increase in oil prices, its effects have increasingly been assuaged by greater foreign exchange earnings for India's exports—including sugar—and by special arrangements to help India foot its oil import bill (see box on page 4). Such efforts have allowed India to purchase the foodgrain needed to get it through the current tight situation.

In fact, India in fiscal 1975 will spend about $700 million for U.S. wheat imports alone, as the United States boosts exports there to about 4.6 million metric tons from the 1.6 million tons shipped in fiscal 1974.

This pickup in trade, following a precipitous drop in late 1971 through March 1973, began in the spring of 1973, with the heaviest purchases made since mid-1974. Subsequently, U.S. wheat has been moving to India at the rate of about 85,000 tons a week—a pace expected to continue until India begins rebuilding stocks virtually wiped out in the past few years of poor crops and reduced imports.

Of the estimate for fiscal 1975, 2.2 million tons already had been shipped in July-December and 1.5 million purchased then for early 1975 delivery. Subsequent cash sales have lifted 1974-75 export commitments to more than 4.6 million tons.

India will get another 2.6 million or so tons from other suppliers—mainly the European Community, Argentina, Canada, and Australia—for a total fiscal 1975 wheat import of possibly 7.2 million tons. This is nearly double the 3.7 million total imported in fiscal 1974 and not too far off the 7.8 million peak reached in the severe drought year of 1966.

Virtually all of these imports are being made by the Food Corporation of India (FCI), which is responsible for grain distribution to Government-operated fair-price shops in urban centers, and occasionally in drought-stricken rural areas. Private firms are not allowed to import grain into India if payment in foreign exchange is necessary.

In addition to the wheat purchases, India will take its usual amount of Nepalese rice—between 200,000 and 400,000 tons annually—depending on the size of Nepal's crop. There is a flourishing border trade in this product, with farmers and marketing cooperatives in Nepal accepting Indian rupees as payment for their deliveries of rice to border towns. Rice purchases on the world market, on the other hand, have been virtually nil recently, owing to the much higher prices for this product than for wheat. However, prospects for rice imports from Pakistan and Thailand in 1975 have been discussed in trade talks with Indian officials. Sales of more Indian industrial products to these countries could, in fact, trigger considerable imports of rice.

India also imports some coarse grains,

*Left and bottom left, harvesting Indian wheat with sickles. In the recent past, India had success in upping wheat output, thanks to use of more modern production methods and improved varieties, especially in Haryana and Punjab. But now, under the impact of continuing lack of rainfall, India is having to make large imports of wheat. Lower right, an improved variety of cotton—a product also imported in volume, despite growing output.*

although these purchases have waned recently as wheat has gained ascendancy. In fiscal 1974, India imported over a million tons of sorghum, about two-thirds of it from the United States. Less than half as much will likely be purchased in fiscal 1975, with almost all of it coming from Argentina.

This decline reflects a preference among most urban consumers in deficit States (particularly Maharashtra, Gujarat, and West Bengal) for wheat over sorghum, plus the smaller cash loss incurred by the Government for distribution of wheat. Moreover, the delivered Bombay price for imported coarse grains is now 80 percent of that for wheat, compared with about 60 percent in more normal years.

Precipitating the jump in grain imports has been growing difficulty in procuring and distributing domestic grain —a problem India seemingly had overcome a few years ago following breakthrough in grain production brought by the Green Revolution.

Those breakthroughs pushed Indian foodgrain production to a record 108.4 million tons in 1970-71 [1] from the low 72.3 million of the 1965-66 drought year. India in the early 1970's thus found itself virtually self-sufficient in grain, with trains from northern India replacing ships from North America as the main carriers of wheat to deficit areas. (During 1971-73, the Punjab and Haryana sent over 3 million tons of wheat to other areas of India each year.)

But stocks started to be undermined

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**[1] Most of the wheat is harvested from late March to early May, providing supplies for distribution during July-June, the agricultural year in India.**

as malevolent weather hit again in 1972 and 1974, reducing slightly yields of high-yielding varieties of wheat and rice, stars of the Green Revolution, and bringing sharp reductions in traditional varieties in rain-fed areas.

When the poor weather first struck in the summer of 1972, lowering 1972-73 foodgrain output to 97 million tons, the Government was able to draw on nearly 9 million tons of foodgrain stocks to meet the emergency. The next year India had a better foodgrain crop of 103.6 million tons, despite a 2.6-million-ton drop in wheat output.

At that point, however, the real difficulties began. The country entered the 1974-75 season with stocks drawn down sharply, hoping that good monsoon weather would boost 1974-75 output to record levels and thus allow replenishment of the depleted stocks. But rains were inadequate, causing sharp declines in both rice and coarse grain output. Current estimates place the rice crop some 4.2 million tons under the 1973-74 record of 43.7 million tons (milled basis), while coarse grains (including 1975 barley) are also estimated about 4 million tons below last year's harvest of 28 million. And, the new wheat crop, to be harvested during March-May, is now projected to be only slightly better than last year's 22.1-million-ton harvest.

These difficulties have reflected back into the grain procurement and distribution system. Virtually all of the 2.6 million-ton decline in 1973-74 wheat production showed up in reduced Government procurement of wheat during 1974 —less than 2 million tons, compared with almost 4.5 million in 1973. As a result, fair price shops in deficit States like Maharashtra and Gujarat received only about half their expected wheat from domestic supplies, and rapid inflation by then had overtaken all of India.

The inflation—marked by a 35-percent jump in food prices during 1974—exacerbated problems in the wheat market, as farmers sold to private traders whenever possible rather than for the fixed price offered by the Government.

In addition, during 1973 and 1974 some farmers in the Punjab and other surplus producing States apparently fed wheat in their expanding dairy and poultry operations as a result of lower prices for it than for corn and sorghum. These price differences arose because private traders may transport coarse grains across food zone lines while they are not permitted to do this with wheat (except for Uttar Pradesh, with two zones, each State comprises one food zone). Hence, some of the Punjabi farmers shipped their corn and sorghum to deficit States at higher prices ($160 to $200 per ton), retaining their wheat for feed.

## EXPORT EARNINGS EASE INDIAN TRADE PROBLEMS

India's dramatic increase in grain imports comes at the unfortunate time of mounting outlays for oil imports, which in 1974 added some $1 billion to its import bill. Yet the country has managed to maintain a reasonably good foreign exchange position—with reserves as of December 1974 estimated at $1.2 billion—as a result of expanded earnings from its own exports plus measures offered by the World Bank, the International Monetary Fund (IMF), oil exporters, and others to help India meet food and fuel costs.

Under the influence of higher oil prices and expanding foodgrain imports, India's import bill in calendar 1974 soared to a preliminarily estimated $5 billion from $3.2 billion the year before. Increases occurred across the board, with some dramatic percentage gains. For instance, purchases of fertilizer more than tripled in value from $205 million in 1973; petroleum and products nearly tripled to $1.3 billion from $447 million; and agricultural imports doubled to $1.2 billion from $605 million. With needs strong and prices still high, further gains are seen for 1975.

Helping to compensate somewhat for this import surge, Indian exports in 1975 climbed to around $3.85 billion from $2.96 billion the year before. Preliminary estimates show sugar accounted for some $312 million of the larger exports, while tea contributed $240 million to help boost India's agricultural shipments nearly 34 percent to an estimated $1.4 billion in 1974. Exports of textiles, oilseed products, leather goods, naphtha, shrimp, and jewelry were also up.

Even more important than the export gain—which still left a trade deficit of about $1.15 billion—were loans and other measures worked out to help finance oil imports. Through various withdrawals and loans, India received about $690 million from the IMF in 1974, including $241 million in October 1974 from its Oil Facility Fund. And India received over $700 million in loans last year from the World Bank, Asian Development Bank, and U.S. Agency for International Development.

In addition, Iran and India have worked out arrangements to help offset India's gaping trade deficit with that country—more than $800 million in 1974 and projected at $1 billion in 1975. These include a $200-million loan toward the purchase of petroleum, plus Iranian arrangements to invest some of its oil revenues in India's iron ore and bauxite mines. Large shipments of Indian sugar, cement, and steel to Iran are slated for 1975.

India also has a growing trade deficit with Iraq and the United Arab Emirates, which will be partially offset by provision of Indian technical assistance in building new steel mills and of Indian laborers for road construction and various other projects.

Further helping India's trade position is the positive trade balance it has had in the last 2 years with the European Community, Egypt, Hong Kong, Singapore, Mauritius, and the USSR. And when shipments from the United States under Title II of P.L. 480 are excluded, India's trade deficit with the United States in 1973 and 1974 was quite small. U.S. exports to India totaled $535 million ($52 million under Title II, P.L. 480) in 1973 and $670 million ($67 million) in 1974, while imports from India were $434 million and $571 million, respectively.

In the meantime, new oil strikes have been made off India's west coast, promising to boost India's oil self-sufficiency to 50 percent from the 34 percent currently.

—JOHN B. PARKER, JR., *ERS*

The Government responded to the market distortions by upping its procurement price for wheat to $140 per ton in March 1974 from around $100 in 1973. But by then deliveries to procurement centers had fallen to token levels.

The Government also attacked the problem by permitting flour millers to pay farmers $188 per ton for wheat if they would deliver half their purchases to procurement centers for $140 per ton. While suffering a loss of about $50 per ton for half the wheat thus purchased, millers made up for their losses through profits from wheat products sold in the cities. And they, of course, found this a better deal than having no wheat at all —a situation many had found themselves in during early 1974 as domestic supplies dropped and imports were not yet arriving in volume. Partly because of such measures, representatives of the flour mills purchased over 2 million tons of wheat in the Punjab and Haryana in 1974 for shipment to deficit States.

This expanded role of the flour mills mirrors India's rising commercial output of flour—it tripled between 1967 and 1973 to surpass 3 million tons. That growth, in turn, has been fueled by changing consumption habits among wealthier urban consumers, who increasingly buy finished bakery products rather than wait in line for wheat at fair price shops.

This year, wheat procurement should be helped some by the Government's recent price measures, including a boost in procurement prices in the Punjab to over $155 per ton in 1975. However, rice may present a problem because of the sharp shortfall in 1974-75 output, and purchases of other crops will likewise suffer from reduced outturns.

In addition to grains, India is importing larger amounts of U.S. fats and oils —especially tallow. Cash sales of U.S. tallow to India tripled between calendar 1973 and 1974 to 49,000 tons, valued at $21.5 million, and may hit $40 million in fiscal 1975. However, these volumes are still well below the record 152 000 tons shipped in 1971. U.S. exports of soybean oil to India in 1974 were an estimated 800 tons under the 1973 level of 23,000, but higher prices boosted their value to $17.4 million from $10.7 million in 1973.

India might also purchase some U.S. cotton in fiscal 1975, resuming a trade that flourished until 1971, when shipments of cotton to India under P.L. 480 ended. However, the future of such trade will depend largely on foreign-exchange arrangements.

India's own cotton output has improved in staple length with the use of better varieties, and production will be a little higher this season. However, imports of 360,000 bales still will be needed to meet a rising demand for Indian textiles. This demand is being pushed up domestically by an ever-increasing population, although Indian per capita consumption of textiles remains very low. In addition, India has had considerable success during the last year in the textile export market, reflecting its low prices—under those of Far Eastern exporters.

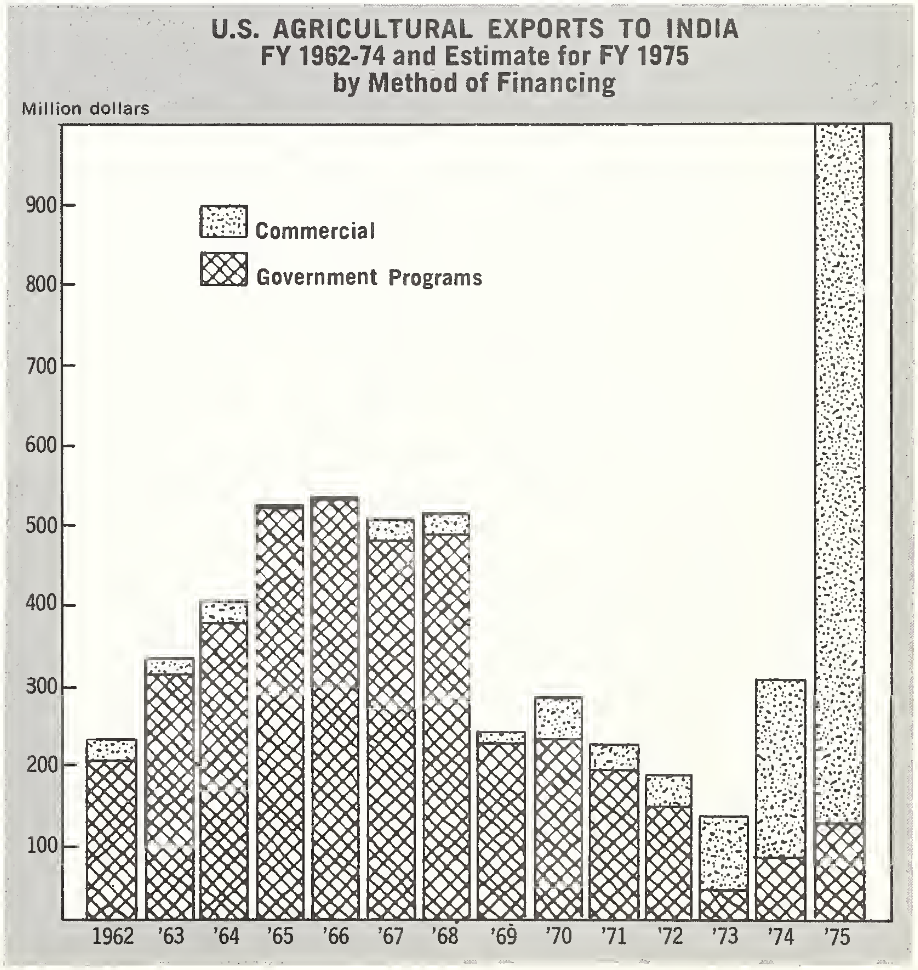
The country still needs extra-long staple cotton and recently authorized imports of 33,000 bales from Egypt, but this is far short of the 287,000 bales imported from that country and the Sudan in 1972-73. Now that trade relations have been renewed with Pakistan, some 200,000 bales of medium-staple Pakistani cotton are expected in 1975 from this source.

India is also a small, but growing, cash market for U.S. tobacco, baby chicks, frozen poultry, and canned foods.

Besides the United States, the USSR is a major agricultural supplier to India, in calendar 1974 accounting for about 15 percent of the country's total farm imports—shipping 100,000 bales of cotton; 1.5 million tons of wheat, including 409,000 tons transshipped from Australia and Canada; and some sunflowerseed oil. The Soviet Union also provided vegetable oils and some other food items purchased in other countries for delivery to India.

Canada, Argentina, and Australia were the other top suppliers of cereals, while Bangladesh was an important supplier of jute, vegetables, and various food items.

India also has been a major market in recent years for Afghanistani raisins, fresh grapes, and almonds—shipped under trade agreements, in exchange for larger Indian exports of tea and industrial products to Afghanistan. In addition, Indian imports of palm oil from Malaysia have risen, helping compensate for sharply reduced imports of U.S. soybean oil, and the European Community sharply increased shipments of preserved milk to India in 1974.



# East Germany's Meat Demand Spells Opportunity for U.S. Feeds

By THOMAS VANKAI
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NEW DIPLOMATIC TIES between the United States and East Germany could herald an increase in U.S. farm exports to this potentially large East European market. Feed ingredients—corn and soybean meal—are among East Germany's most-needed farm import items, and the United States is an important supplier of these products.

Livestock feed will continue to be in high demand in this decade to support East Germany's expanding poultry and livestock industries—projected to grow at 2.5 percent a year during the 1970's. East Germany became self-sufficient in producing livestock products during 1966-70 and should retain this position. Meat consumption per person could rise by 12 percent between 1973 and 1980, with poultry meat use expected to gain the fastest, increasing its share from 7 to 10 percent.

But East Germany's domestic grain output is also slated to rise, and some grain now used for food will be diverted to livestock feed, so that the uptrend in grain import requirements could ease somewhat by the decade's end. Since grain is imported for feed, U.S. corn exports could capture a substantial market share, if prices and terms are right. By 1980, soybean meal—presently supplied largely by West Germany from processed U.S. soybeans—is likely to be bought directly from the United States and in larger quantities than at present.

Overall, East Germany is projected to remain a net importer of concentrated feeds during the decade of the 1970's. By 1980, protein meal (in oilmeal equivalent) could more than double the average 600,000 tons imported annually between 1966 and 1970. Net grain imports are projected at 1.75 million tons, down from 2 million in 1966-70, provided that the 300,000-ton reexport to West Germany is discontinued and purchases for stockbuilding excluded.

These projections assume that the historically prevailing price ratio between the world prices of grains and oilmeals will be the same, that Germany's present farm policy will continue for at least the next 6 years, and that producer prices will continue to be used to stimulate production. Further assumptions are: Retail prices will remain fixed, as in the past; future price changes, if any, will not affect consumption; national income will grow at 4 percent annually; worldwide inflation will not have a long-run disruptive effect; and weather will be normal.

The United States established formal diplomatic relations with East Germany last July, an action that will facilitate commercial relationships and travel between the two countries. In the past, trade between the United States and East Germany, as well as other Communist countries, was limited by U.S. Government controls, restrictive tariffs, limits on credit, and shipping restraints. For these reasons, many U.S. farm products imported by East Germany since 1970 have entered indirectly through other countries, mainly West Germany.

Since 1960, direct U.S. farm exports to East Germany have ranged from a low of only $1 million in 1960 to a high of $24.5 million last year. Transshipments have boosted export value significantly in the past 4 years, however. In 1973, the value of transshipments reached a record $89 million, pushing the total value of U.S. exports to East Germany to $113.5 million for that year.

In fiscal 1974, which began last July 1, direct U.S. farm exports to East Germany peaked at $31 million, owing largely to a shift in the country's trading policy. East Germany began for the first time to import large quantities of soybean meal directly from the United States, rather than importing soymeal crushed from U.S. soybeans by mills in West Germany and other West European countries. In fiscal 1974, the United States sold 35,000 tons of soybean meal worth $11 million directly to East Germany, compared with none in 1971 and 1972 and only 5,000 tons that were shipped in 1970.

Potential is high that direct trade between the United States and East Germany will continue to increase. One reason for the optimistic forecast is that West Germany, previously the main source of reexports, under obligation as a member of the European Community, must reassess its special ties with East Germany. Also, in view of its weakened economic posture, West German ability to provide the East Germans with large interest-free credit may deteriorate.

Since 1963, coarse grains—principally corn—have been East Germany's leading farm import from the United States, with the exception of wheat in 1964. Again, a large portion of this trade has been indirect. Of the 663,000 tons of U.S. corn imported in 1973, all but 61,000 tons were through transshipments. Of wheat imports of 418,000 tons in 1973, only 64,000 tons were imported directly.

EAST GERMANY's top supplier of imported grain, especially wheat, is the Soviet Union. The United States, Canada, and Australia are residual sources. Thus, the future U.S. share of the East German market will depend largely on the Soviet Union's willingness to continue its grain exports, and on U.S. competitiveness among the other residual suppliers of grain.

East Germany has always been an important importer of agricultural products, which have amounted to slightly over $1 billion, or 28 percent of all imports in recent years. Traditionally, livestock feed is the major farm product imported, followed by imports of vegetable oil and cotton.

Underlying the high level of farm imports is East Germany's relatively high level of food consumption and low ratio of arable land to population. East Germany is the most industrialized of all members of the Council of Economic Mutual Assistance (CEMA). In 1973, per capita gross national product (GNP) was about $2,600.

Agriculture's contribution to the GNP was only 7 percent between 1971 and 1973, lowest among the CEMA members. But agriculture's relatively low share in total production reflects advanced industrial development and not the underdevelopment of the country's farm sector.

One effect of the general industrial

prosperity has been an increase in meat consumption by East Germans, who in 1973 ate about 163 pounds of meat each, compared with 139 pounds between 1966-70. By 1980, meat consumption is projected to average 183 pounds per person, of which pork will be 106 pounds, beef 55 pounds, and poultry 19.

Poultry meat consumption is likely to grow at the fastest rate, rising from 10 pounds per person in 1966-70 to some 19 pounds by 1980. In 1973, East Germans ate about 28 percent more poultry meat than in 1972—a record gain.

Growing at the projected rate of 2.5 percent a year, livestock production in East Germany should keep ahead of the expected rise in meat consumption. Also, an increase in the carcass weights of livestock, brought about by improved breeds and feeding practices, is likely to add to meat supplies.

In spite of the extra feed needed to support growing livestock numbers, grain import needs may stabilize or decline unless East Germany continues to supply grain to West Germany and/or decides on purchases for stock building. East Germany's own grain production is moving ahead steadily. Total grain output was 8.5 million tons in 1973 and a record 9.5 million tons were produced in 1974.

By 1980, grain production is projected at 9.1 million tons based on past trends. Since 9.5 million tons were produced in 1974—a quantity well above the trend—the projection may be conservative. Human consumption of grains could decline by 0.6 percent a year between 1966-70 and 1980. Therefore, all of the increase in grain production will be available for feed.

Other factors that will offset some of the growth of feed requirements generated by the expanding livestock industry include a continuing decline in East Germany's horse population, as well as improved feeding efficiency.

Besides grain, domestic production of other feeds is also projected to grow, but at a lower rate. Consequently, feed concentrates (in grain equivalent)[1] could account for 42 percent of total feed consumption by 1980, compared with 36 percent in 1966-70. The share of oilmeal in concentrate feeds is projected to

*Continued on page 16*

**[1] Grain equivalent is as follows: Grain 1 unit, oilmeal 1.4 units, fishmeal 1.6, potatoes 0.25, pulses 1.5, root crops 0.15, hay 0.45, and green forage 0.15.**

*Potatoes—a common livestock feed in East Germany—are harvested in Einsatz, top. Feed ingredients, especially corn and soybean meal, are among East Germany's most needed farm import items. Farm worker, above, helps to operate combine during grain harvest, which yielded some 9.5 million tons in 1974—an alltime record.*

EAST GERMAN AGRICULTURAL IMPORTS FROM THE UNITED STATES, BY VALUE
[In millions of dollars]

| Year | Total incl. trans-shipments | Total direct | Wheat | | | Coarse Grains | | | Soybeans | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Direct | Trans-shipments | Total | Direct | Trans-shipments | Total | Direct | Trans-shipments |
| 1960 | 1.01 | 1.01 | — | — | — | — | — | — | — | — | — |
| 1961 | 2.58 | 2.58 | — | — | — | — | — | — | — | — | — |
| 1962 | 1.16 | 1.16 | — | — | — | — | — | — | — | — | — |
| 1963 | 6.07 | 6.07 | — | — | — | 4.20 | 4.20 | — | 0.40 | 0.40 | — |
| 1964 | 17.37 | 16.67 | 9.75 | 8.55 | 0.70 | 2.26 | 2.26 | — | 1.06 | 1.06 | — |
| 1965 | 10.87 | 10.87 | 2.61 | 2.61 | — | 3.40 | 3.40 | — | .56 | .56 | — |
| 1966 | 21.01 | 21.01 | — | — | — | 16.31 | 16.31 | — | — | — | — |
| 1967 | 22.29 | 22.29 | — | — | — | 14.85 | 14.85 | — | — | — | — |
| 1968 | 29.86 | 24.12 | — | — | — | 26.13 | 21.72 | 4.41 | 1.83 | — | 1.83 |
| 1969 | 26.57 | 24.60 | — | — | — | 23.73 | 21.79 | 1.94 | .60 | .68 | — |
| 1970 | 25.55 | 12.24 | — | — | — | 23.08 | 9.96 | 13.12 | — | — | — |
| 1971 | 33.68 | 19.37 | — | — | — | 30.17 | 15.87 | 14.30 | 1.75 | 1.66 | 1.09 |
| 1972 | 43.65 | 14.17 | 8.82 | 5.03 | 3.79 | 33.17 | 7.48 | 25.69 | — | — | — |
| 1973 | 113.46 | 24.53 | 33.76 | 3.78 | 29.98 | 65.39 | 6.44 | 58.95 | — | — | — |
| 1974 | (1) | 17.17 | (1) | — | (1) | (1) | 12.56 | (1) | (1) | — | (1) |

[1] Not available.

# Canada's Farm Exports Tied to World Conditions

ALTHOUGH Canada's economic growth outpaced that of most other industrialized countries in 1974, the relative weakness of world markets for Canadian exports— including farm exports—will continue to exert serious pressures this year. To a large extent this means the United States, which accounts for about two-thirds of Canada's export trade. The close relationship is aptly summarized by some Canadians who say "it is only a matter of time . . . when the United States sneezes, Canada gets pneumonia."

In spite of Canada's "least worst" status among industrialized economies, Canadian planners are not viewing this position complacently. Federal and Provincial Governments are taking a number of actions designed to lessen the impact of inflation-recession, including programs to support the farm sector and adjust production to mirror demand both domestically and in export markets.

Canada's gross national product in 1974 zoomed 18 percent over 1973's, although inflation accounted for most of the increase and in real terms output gained only 3-4 percent. For 1975, real growth is expected to slacken to 2 percent, and inflation's predicted at 9-10 percent.

A rash of labor problems plagued the Canadian economy during 1974. Time lost as a result of industrial disputes reached about 9 million mandays—a 77 percent increase over 1973. As a result, numerous wage-salary increases in the 23-25 percent range were granted. And in 1975, 70 percent of industrial worker contracts will again be up for renewal.

Factors underlying the slight economic slowdown projected for 1975 include a decline in housing construction and lagging export sales—although agricultural exports are expected to continue strong, in value at least. Canada's farm exports in 1975 could top $5 billion—an alltime high and 16 percent above 1974's. If world prices remain strong, the value of wheat and flour exports alone may move to $2 billion.

In 1974, Canada's farm product exports were valued at an estimated $4.3 billion—a healthy 30 percent gain over 1973. But the increase reflected higher prices only, since actual export volume dropped slightly. Farm exports accounted for about 13.5 percent of Canada's total exports—the same as in 1973.

The U.S. share of Canada's total export trade slipped slightly in 1974 to 66.5 percent, compared with 67.5 percent in 1973 and 69.3 percent in 1972. Lumber exports to the United States, for example, dropped by $375 million in 1974, against 1973's, reflecting a slowdown in the U.S. construction industry.

Canada sent $527.1 million-worth of agricultural products across the border to the United States in 1974—1 percent less than the previous year. A 37 percent decline in exports of live animals and meat was cushioned by increases for other farm products, including barley, which jumped 161 percent in value to $55 million and 71 percent in quantity.

Canada remained one of the most important U.S. markets for farm products in 1974, taking $1.3 billion worth for a gain of 24 percent over 1973. U.S. fruits, vegetables, and nuts again led the list of Canadian imports—at $411.2 million accounting for about a third of the farm trade. Although U.S. slaughter cattle exports to Canada plunged by 50 percent to $36 million, U.S. corn exports gained 59 percent to $102 million, soybeans moved up 43 percent to $100 million, and cotton stayed level at about $60 million.

For Canadian farmers, one message concerning the 1975 season comes through loud and clear. It is going to cost more to farm. Cash receipts in most cases will be higher, but farmers will make less money in 1975 than they did in 1974.

Cash farm income in 1974 soared 26 percent over 1973's, while farm operating expenses rose 16.6 percent. For 1975, however, cash farm income is estimated at $8.9 billion—up only 4.5 percent from 1974. When inflation is considered, this will actually represent a decline. Net farm income could skid as much as 12 percent, pressured down by a possible 17 percent increase in operating expenses and depreciation charges in 1975.

Farm income and expenses in 1974 both stood at close to double their levels for the 5-year average, 1967-71.

**Livestock.** As is the case in the neighboring United States, Canadians are expressing more concern about problems facing the livestock farmer than those of the grain farmer.

Deficiency payments on slaughter cattle are available from the Federal Government, if average prices fall below target levels, which range from $23.21 to $45.42 per cwt, depending on grade. Provincial programs provide low interest loans of $75-$100 per head to assist cattlemen and discourage a sharp reduction of the national herd. Canadian officials believe that excessive slaughter would not be good supply management and would bring about a tight supply situation in a few years.

In 1974, Canada implemented global import quotas on beef, veal, and live cattle in an attempt to isolate its market from the effects of a worldwide beef glut. Consequently, beef and veal imports in 1974 were only about 190 million pounds, 15 percent below the 225 million imported in 1973. And Canada imported an estimated 109,207 cattle for immediate slaughter from the United States in 1974, compared with 208,539 in 1973.

The impact of disrupted world beef trade and the domestic import restriction policies also reduced Canadian beef and veal exports in 1974. Total beef and veal exports during 1974 are estimated at 55 million pounds, down 27 percent from exports of 88 million pounds in 1973.

**Grains and oilseeds.** Canada's 1974 wheat crop of 552.5 million bushels was hard hit by unfavorable weather, so that only 36 percent of the Prairie crop was expected to fall into the two top grades, compared with 85 percent of the 1973 crop. Much of the 1974 corn crop was also of poor quality, running 38-44 pound test weight.

For grains, Canadian farmers have been called on to produce more of everything in 1975. Acreage increases rec-

**The article is based in part on reports given at the Canadian Agricultural Outlook Conference, Ottawa, January 20-21, 1975.**

ommended include wheat, 16 percent; barley, 13 percent; and oats, 15 percent, as well as unspecified increases in rapeseed, corn, and soybeans. Supplies of quality seed are tight.

The wheat acreage goal of 27-28 million acres, compared with 23.5 million seeded in 1974, can be accomplished by reducing summer fallow acreage to 20 million acres. "No way" say some sources. Prairie farmers have never made decisions that resulted in less than 25.5 million acres of summer fallow land in the past decade. And grain yields on stubble plantings run 25 percent below those on previously summer fallowed land.

Other factors are also likely to discourage acreage expansion. The Canadian grain grower is faced with rising input costs. The spring planting season is generally short and has a history of being fickle. While the wheat grower has minimum price assurance, no one has yet devised a system that assures him of planting and harvesting an average or better crop.

**Farm Policy.** One of the most controversial subjects in Canadian agricultural circles concerns proposals to revamp policies governing rail transportation of grains. A decision on retaining some 6,000 miles of uneconomic branch lines in Prairie Provinces has been postponed for at least a year because of strong opposition to abandonment. Farmers claim that abandonment will not only increase marketing costs, but that country roads are not in a condition to handle the added truck loads. Deeper perhaps is the social issue—economic depression of small towns where elevators are located on branch lines.

In searching for a rational railway policy, Government leaders have suggested abandonment of the Crows-Nest Pass rate schedule. This freight rate structure for grains, which had its origin at the turn of the century and sets rates that are one-third of those for comparable distances in the United States, is not about to be given up without a fight. While Prairie interests have been assured that compensations will be made, their reaction has been adament.

Legislation now pending is of high interest to grain farmers. One bill would extend the current two-price system for wheat to 1980. This sets the domestic milling price at $3.25 per bushel and provides for a compensatory payment when world prices are above this, but not to exceed $1.75 a bushel for a total of $5.00. Producers are pressing to raise the domestic price to $4.75 and include provisions to compensate for increased production costs.

Another bill, known as the Western Grain Stabilization Act, would set up a fund to stabilize Prairie farmers' net cash flow from grain and oilseed sales at the average of the past 5 years. Farmers would contribute 2 percent of cash receipts up to a maximum of $500 (2 percent of $25,000), which the Government would match on a two-to-one basis.

The extent to which Canada is able to maintain its relative "least worst" position in relation to other industrialized nations in 1975 remains to be seen. There are signs—external and internal—suggesting that the future may not be as rosy as some suggest. Meanwhile, Canadian leaders are avoiding the practice of talking themselves into a depression.

—Based on dispatch from Clancy V. Jean,
*U.S. Agricultural Attaché, Ottawa*

## Canada's 1975 Farm Outlook

Leading indicators of Canadian crop and livestock production in 1975 are as follows:

Wheat area of 27-28 million acres is needed, compared with 23.5 million planted in 1974. This will require a reduction of summer fallow to 20 million acres —which is doubtful.

Barley to service foreign and domestic markets is needed from 13 million acres, an increase of 13 percent over 1974. Oats are in tight supply, and Canada needs 7 million acres, 15 percent over 1974.

Rye area of 843,000 acres appears adequate. An increase in corn area above last year's 1.46 million acres is being encouraged, although seed supplies are tight and farmers are watching U.S. prices and planting intentions closely.

Flaxseed acreage is not expected to change from 1974 plantings, but increases in rapeseed and soybean acreages are expected.

Tobacco plantings are expected to increase moderately.

Sugarbeet acreage is estimated to increase to 87,000 acres, largely in the Prairie Provinces. Changes in world sugar prices could have a downward effect on this forecast, however.

Potato acreage in 1975 will be down, following the unusually large 1974 crop.

Cattle industries underwent a period of adjustment in 1974, which will continue in 1975. More beef will be marketed, especially cows, calves, light steers, and grassfed animals.

Pork and lamb production could dip, with higher prices expected.

Milk production may increase slightly, but input costs will be a major factor.

Egg output is expected to be down nearly 4 percent with a 6.5 percent reduction in the laying flock. Pullet replacements were off 10 percent in last-half 1974.

Chicken meat production will continue to decline. Broiler chick replacements in late 1974 were off 8 percent. Large stocks of poultry meat in storage, however, will provide adequate supplies.

Turkey marketings should be down about 12 percent, reflecting a corresponding reduction in marketing quotas.

Apple crops—with favorable weather—could top last year's 898 million pounds by 3 percent.

Pears will be down slightly from the good 1974 crop. An average crop of 85 million pounds is expected.

Dry bean acreage may decline slightly from 161,000 acres in 1974. Canadian officials believe there is need for 150,000 acres, especially if production is diversified.

—By Clancy V. Jean,
*U.S. Agricultural Attaché, Ottawa*

# Higher Farm Earnings Add to Argentina Gains

INCREASED EARNINGS from agriculture and stepped-up producduction of consumer goods and residential construction were the major factors sparking a 6 percent gain in Argentina's gross national product in 1974.

Argentina's trade surplus was estimated at $700 million, and gross exchange reserves at $1.4 million on December 31, 1974.

However, the Government deficit continued to increase during the year, and inflation advanced sharply. The official consumer price index rose by 41.1 percent. The Government has promised high priority to measures designed to improve Treasury finance and to reduce inflation.

The balance of trade prospects in 1975 appear favorable, as increased earnings from agricultural exports, combined with expanded shipments of manufactured products, could result in a favorable balance of trade of about $600 million.

Overall agriculture production in 1974 exceeded that of a year earlier by about 2 percent. A 4 percent decrease in grain production was more than offset by gains in the output of oilseeds, fruits, meat, potatoes, and tobacco. The agricultural production index reached 122 in 1974 (1965-69 base), as compared with 119 in 1973 and 103 in 1972.

Agricultural exports in calendar 1974 were valued at about $3 billion, an increase of 14 percent over 1973. Record shipments of combined grains more than offset the drastic decline in the export value of livestock and products. Other commodities making significant contributions to foreign exchange earnings were sugar, fresh fruits, tobacco, and pulses.

Except for drought conditions in the most important wheat, fine grains, and peanut production zones, adverse weather conditions were less pronounced in 1974 than in 1973. Drought conditions, particularly in the southern part of Buenos Aires Province, resulted in a 22 percent reduction in the 1974 wheat crop and a 47 percent drop in fine grains. Total grain production in 1974 was off 4 percent from a year earlier as increased output of corn and sorghum was insufficient to offset the poor wheat and fine grain crops.

As of mid-January, agricultural prospects for 1975 were generally favorable. Timely rains were expected to result in good corn and sorghum crops (near 1974 levels), and the 1975-76 wheat crop should show improvement over the drought-stricken 1974 crop.

Production and trade prospects for 1975:

**Beef.** Preliminary National Meat Board (NMB) data place cattle slaughter in 1974 at 10.1 million head and beef production at 2.226 million metric tons, both up 3 percent from 1973.

**Hogs.** Final NMB figures show hog slaughter in 1973 at 3.1 million head and pork production at 258.196 tons, up 16 and 19 percent, respectively, over 1972 totals. Preliminary figures for 1974 place hog slaughter at 2.8 million head and pork production at 232.000 tons, both down 10 percent from 1973 as a result of higher feed costs.

**Sheep.** Revised NMB figures show 1973 sheep slaughter down to 7 million head and production of lamb and mutton at 126,065 tons, off 5 percent from the previous year. NMB estimates sheep slaughter in 1974 at 7.8 million head and lamb production at 141,000 tons, an increase of 12 percent over 1973. The advance in sheep slaughter reflects drought conditions in some of the most important sheep zones in the south as well as a sharp decline in the world wool market. Some producers have been reducing flocks.

**Horsemeat.** Production in 1974 is estimated at 29,000 tons on the basis of exports through November, compared with 59 689 tons produced in 1973. A continuing decline in the numbers of horses on farms, together with the Government's restrictions on horse slaughter, resulted in this 51 percent drop in the production of horsemeat.

**Livestock trade.** Preliminary figures show exports of beef, carcass weight equivalent (cwe), in 1974 down to 294.000 tons, a decline of 46 percent from the 1973 level. The f.o.b. value of beef shipments declined to $333.5 million, off 49 percent from that of the previous year. The high export duties that prevailed in 1974, together with the ban on beef imports imposed by the European Community and unfavorable economic conditions in Europe, were the dominant factors contributing to this significant decrease in beef shipments.

Exports of meat and products (product weight basis) during the first 11 months of 1974 fell to 230,000 tons, a decrease of 43 percent from the corresponding period of a year earlier. Exports of pork declined 46 percent and horsemeat by 43 percent. Most of the decline was attributed to restrictive measures and economic conditions in the Community.

**Poultry meat.** Production in 1973 totaled 305,000 tons, down 13 percent from that of a year earlier and largely attributed to higher feed costs and the fixed price of 9.30 pesos per kilo for broilers, which producers considered too low.

Production in 1974 is estimated at 366,000 tons, up 20 percent from that of the previous year and in line with the 22.5 percent increase in production of balanced feeds for broilers. Industry sources attribute the expansion to enlarged facilities, absence of serious disease problems, and strong demand for poultry meat throughout the year.

**Livestock outlook.** Cattle slaughter in the past 4 years has ranged from 9.5 to 10.1 million head, and has remained near 10 million for the most recent 3 years. Cattle numbers have continued to increase, as pasture conditions have generally been favorable. Producers continue to hold back cattle, hoping for a higher ceiling price on live cattle.

The sharp drop in beef exports, particularly to the EC in 1974, substantially reduced the strong competition between exporters and those who supply the domestic trade. The recent Government removal of duties for most meat exports and the offering of rebates would normally stimulate shipments, but with the import ban still in effect in the EC and stocks of canned meat at a high level in the United States, the industry views the export picture as bleak for the first quarter of 1975 and possibly into the second quarter.

Pasture conditions are reported as excellent, and indications at this time are that cattle receipts will pick up after the first quarter of 1975 and that slaughter could total 11-11.5 million head in 1975. Exports are expected to be slow in the first quar-

er, with possibly some improvement during the second quarter—provided the EC sanctions are lifted.

Beef exports of 350,000-400,000 tons (cwe) in 1975 appear reasonable. Hog slaughter and pork production are likely to continue their trend downward as a result of higher feed costs, and sheep slaughter is likely to continue to increase unless international wool prices improve.

**Dairy.** Fluid milk production in 1974 is estimated at 5.2 million liters, an increase of 3 percent over the 1973 level and a reflection of both good pasture conditions and the buildup in milk cow numbers. Prior to October 1974, the price of fluid milk was considered too low to cover production costs. Dairy farmers held milk off the market and scarcities developed in retail markets.

SUBSTANTIAL PRICE increases were authorized in October 1974, and since then the supply of fluid milk for processing and consumption in the fresh form has been considered adequate. Except for production of casein, butter, and processed cheese, which dropped 20, 5, and 10 percent, respectively, output of all other dairy products in 1974 exceeded that of 1973. Increases ranged from about 5 percent for total cheese to 15 percent for all dry milk.

**Wool.** Production in 1974 totaled 156,000 tons (greasy basis) and 1975 output is estimated at about 159,000 tons—a slight increase over that of 1974. Exports in 1974 dropped to 59,800 tons, the lowest since 1952. Ending stocks on September 30, 1974, moved up to 74,650 tons, compared with 24,450 tons a year earlier. Reduced 1974 exports and the buildup in stocks were primarily attributed to the sharp decline in international wool prices.

**Grain.** Total grain production in 1974 was off 4 percent from 1973 levels, as the 10 percent increase in corn and sorghum production was insufficient to offset the reduced drought-stricken wheat crop. As a result of improved climatic conditions, yields of corn and grain sorghum exceeded 1973 levels and the proportion of the area harvested increased.

The final official estimate placed wheat production in 1973 at 6.56 million tons, down 5 percent from a year earlier. The 22 percent reduction in the area harvested was largely offset by improved yields. Although the area planted to wheat in 1974 exceeded that of the previous year by 20 percent, the crop in the most important production areas was adversely affected by unfavorable climatic conditions, such as drought, intense cold, extreme heat, late frost, and drying winds. The most recent official estimate by the Government places wheat production in 1974-75 at 5.8 million tons, a decrease of 22 percent from that of the previous year.

Wheat exports during the 1973-74 marketing year were much slower than in the previous year, and totaled 1.7 million tons, down 45 percent from a year earlier. The leading market for Argentine bread wheat was the USSR, which took 23 percent of total exports. During calendar 1974, the National Grain Board sold more than 2.5 million tons of bread wheat, at prices ranging from a low of $139.83 per ton in May to a record $212 f.o.b. in January 1975, with an average price of $167.21 per ton.

Average monthly prices for Durum wheat ranged from a low of $285 per ton to a high of $305. In December, the Government raised support prices for the 1974-75 wheat crop to encourage farmers to increase wheat plantings in 1975.

Corn production in 1974 totaled 9.9 million tons, up 10 percent over the 1973 total, reflecting an increase in the area harvested and some improvement in yields. Moisture conditions for the 1975 crop have been good, with timely rains in late December and early January. Corn production in 1975 is projected at 10 million tons.

Corn exports in calendar 1974 reaches 5.9 million tons compared with 4.3 million tons in the previous year. Italy was the leading export market for corn. In 1974, the National Grain Board sold 3.1 million tons of corn for a total value of $795 million, at an average f.o.b. price of $125.78 per ton.

Although the Government's second estimate of sorghum production in 1974 indicated an outturn of 5.9 million tons, purchases by the National Grain Board indicate that the quantity available for export and domestic consumption did not exceed 5.2 million tons, an increase of 13 percent over the 1973 crop. It is likely that a larger crop was harvested, and that losses occurred as a result of excessive moisture and improper storage.

Exports of sorghum in calendar 1974 total 3.2 million tons, up sharply from the 2.2 million tons shipped in 1973. The Board sold 3.5 million tons of grain sorghum in 1974 with a total value of $346 million at an average price of $100.25 per ton f.o.b.

**Oilseeds.** Harvested area of edible oilseeds in 1974 was estimated at about 5.5 million acres, an increase of 4 percent above that of the previous year. Production of edible oilbearing seeds harvested during the first half of 1974 exceeded that of 1973 by 3 percent, and edible oil production moved up 12 percent. Peanut production showed the largest decrease—from 440 000 tons in 1973 to 290,000 in 1974.

Sunflower area harvested in 1974 was down 19 percent from that of a year earlier, partly as a result of a reduction in wheat plantings that eliminated the possibility of wheat-sunflower rotation. Sunflower production in 1975 probably will exceed 1974 output by about 10 percent. Soybean production in 1974 at 475,000 tons was 75 percent above that of 1973. About 821,000 acres are sown to the 1974-75 soybean crop, down 11.9 percent from the previous year's area, but plantings may reach about 865,000 acres.

Exports of edible oils in 1974 totaled about 151,000 tons, up marginally from 1973 levels, but the composition changed significantly as shipments of soybean oil moved up and sunflower oil dropped.

Inedible oilseeds production in 1974 exceeded that of 1973 by 61 percent. This substantial increase is primarily attributed to the large tung nut harvest—136,000 tons, compared with only 11,000 tons in the previous year. Production in 1975 is estimated at only 64,000 tons as a result of severe frosts while the trees were in bud.

Flaxseed production in 1974 is estimated at 360,000 tons, up 21 percent over the 1973 harvest of 297,000 tons. Linseed oil exports in 1974 dropped 19 percent from the 1973 level.

**Fruits.** Weather conditions in 1974 were extremely favorable and total production was a strong 41 percent higher than 1973's outturns, which were damaged by hail and frost. Total deciduous fruit production in 1974 exceeded that of 1973 by

*Continued on page 16*

# Hearings Begin on Items Set for Trade Talks

Public hearings on U.S. trade items, including agricultural, that may be considered in the present round of global trade talks, are being held throughout the United States.

On January 14, 1975, President Ford furnished the U.S. International Trade Commission with a list of articles—known as the "Public List"—to be considered in the trade negotiations under the General Agreement on Tariffs and Trade in Geneva. The Public List is published in paragraph 11-B of his "Notice of international trade negotiations and of articles which may be affected by such negotiations" (*Federal Register*, vol. 40, p. 2659).

In accordance with the President's request, the Commission has instituted an investigation for the purpose of obtaining, to the extent practicable, information for use in connection with the preparation of advice to the President.

This advice will be based on the Commission's judgment—with respect to each article included in the Public List as to the probable economic effect of the continuance, elimination, or reduction of U.S. duties, or continuance of U.S. duty-free or excise treatment, on industries producing like or directly competitive articles and on consumers.

Public hearings in connection with the investigation are being held in the following cities beginning at 10 a.m.: San Francisco, Calif., March 13; Minneapolis, Minn., March 18; Portland, Oreg., March 20; New York, N.Y., April 1; Boston, Mass., April 3; Chicago, Ill., April 8; Washington, D.C., April 8; Cleveland, Ohio, April 10; Denver, Colo., April 14; Omaha, Nebr., April 16; and Kansas City, Mo., April 18.

Hearings were also held in Washington, D.C., on February 25-27; New Orleans, La., March 4; Atlanta, Ga., March 6; and Phoenix, Ariz., March 11.

All of the hearings yet to be held will continue until all interested parties have been heard.

## Dutiable U.S. Farm Import Commodities As Listed in Tariff Schedules of the United States

The following dutiable agricultural items as listed in the Tariff Schedules of the United States (TSUS) have been determined to be dutiable at no more than 5 percent ad valorem equivalent, as of January 1, 1975. The duty on these items may by law be reduced to zero in the Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade in Geneva.

The tariffs on all dutiable agricultural items not listed below may by law be reduced by 60 percent of the rate of duty existing on January 1, 1975.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 100.07 | 120.17 | 126.89 | 140.25 | 147.64 | 160.40 | 177.16 | 304.20 |
| 100.09 | 121.20 | 126.93 | 140.35 | 147.66 | 161.15 | 177.20 | 304.22 |
| 100.25 | 121.40 | 127.10 | 140.38 | 147.68 | 161.19 | 177.22 | 304.24 |
| 100.30 | 121.57 | 130.10 | 140.45 | 147.70 | 161.23 | 177.30 | 304.26 |
| 100.31 | 124.25 | 130.20 | 140.46 | 140.38 | 161.31 | 177.32 | 304.34 |
| 100.40 | 124.30 | 130.30 | 140.50 | 147.85 | 161.37 | 177.34 | 304.36 |
| 100.50 | 124.40 | 130.40 | 140.70 | 148.70 | 161.41 | 177.36 | 304.40 |
| 100.53 | 124.65 | 130.45 | 141.10 | 148.72 | 161.43 | 177.56 | 304.44 |
| 100.55 | 125.01 | 130.50 | 141.35 | 148.74 | 161.59 | 177.69 | 304.52 |
| 100.65 | 125.05 | 130.55 | 141.55 | 148.81 | 161.61 | 178.25 | 304.58 |
| 100.73 | 125.10 | 130.60 | 145.02 | 148.82 | 161.65 | 182.05 | 306.14 |
| 100.75 | 125.15 | 130.65 | 145.08 | 148.83 | 161.79 | 182.20 | 306.42 |
| 100.85 | 125.20 | 130.70 | 145.24 | 148.98 | 161.88 | 182.30 | 306.52 |
| 100.95 | 125.50 | 131.10 | 145.26 | 149.19 | 161.94 | 182.32 | 306.53 |
| 105.10 | 125.60 | 131.27 | 145.30 | 149.20 | 161.96 | 182.35 | 306.61 |
| 105.30 | 125.65 | 131.33 | 145.52 | 149.21 | 165.25 | 182.36 | 306.83 |
| 105.60 | 125.67 | 131.35 | 145.53 | 149.24 | 165.55 | 182.40 | 426.12 |
| 105.82 | 125.70 | 131.38 | 145.58 | 149.26 | 166.10 | 182.58 | 435.10 |
| 106.10 | 126.01 | 131.40 | 146.12 | 152.14 | 166.20 | 182.70 | 437.49 |
| 106.20 | 126.07 | 131.57 | 146.14 | 152.18 | 166.30 | 184.50 | 437.58 |
| 106.30 | 126.09 | 131.65 | 146.20 | 152.26 | 166.40 | 184.65 | 437.84 |
| 106.40 | 126.11 | 131.70 | 146.22 | 153.00 | 167.05 | 186.10 | 439.30 |
| 106.55 | 126.19 | 131.72 | 146.42 | 153.04 | 167.50 | 186.30 | 452.24 |
| 106.60 | 126.23 | 131.75 | 146.50 | 153.08 | 175.03 | 186.40 | 452.48 |
| 106.80 | 126.27 | 132.15 | 146.56 | 153.24 | 175.15 | 186.50 | 452.58 |
| 106.85 | 126.29 | 132.20 | 146.58 | 154.10 | 175.18 | 188.20 | 452.80 |
| 107.10 | 126.31 | 132.55 | 146.60 | 154.25 | 175.21 | 188.30 | 455.04 |
| 107.15 | 126.33 | 135.60 | 146.66 | 154.35 | 175.36 | 188.50 | 455.44 |
| 107.25 | 126.35 | 135.70 | 146.68 | 155.10 | 175.48 | 190.10 | 460.10 |
| 107.30 | 126.41 | 136.10 | 146.70 | 155.15 | 175.49 | 191.15 | 465.25 |
| 107.35 | 126.55 | 136.30 | 146.90 | 155.20 | 175.51 | 192.15 | 465.35 |
| 107.70 | 126.57 | 136.50 | 146.91 | 155.30 | 176.02 | 192.55 | 465.45 |
| 107.75 | 126.59 | 136.60 | 147.02 | 155.35 | 176.04 | 192.75 | 465.55 |
| 107.80 | 126.61 | 136.70 | 147.13 | 155.40 | 176.30 | 192.85 | 490.24 |
| 115.05 | 126.63 | 136.90 | 147.19 | 155.70 | 176.33 | 300.15 | 490.26 |
| 115.10 | 126.65 | 136.98 | 147.21 | 156.25 | 176.42 | 300.20 | 490.48 |
| 115.40 | 126.67 | 136.99 | 147.29 | 156.30 | 176.46 | 300.45 | 490.50 |
| 115.45 | 126.71 | 140.09 | 147.30 | 156.35 | 176.49 | 304.04 | 493.16 |
| 115.50 | 126.77 | 140.10 | 147.50 | 156.40 | 176.50 | 304.10 | 493.47 |
| 118.05 | 126.81 | 140.11 | 147.60 | 156.45 | 176.54 | 304.12 | 493.82 |
| 119.50 | 126.83 | 140.16 | 147.61 | 156.47 | 176.70 | 304.14 | 494.40 |
| | | | | | 177.04 | 304.16 | 748.25 |

Further notice will be published in the *Federal Register* as to the names and locations of the hearing rooms in cities other than Washington. The public hearings in Washington, D.C., will be held in the hearing room of the U.S. International Trade Commission, 8th & E Streets, N.W., Washington, D.C., commencing at 10 a.m.

Request to appear at the public hearings shall be filed in writing with the Secretary of the Commission at least 2

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# PORTUGAL part 1

## Food Imports Soar As Demand Rises and Output Lags

By JAMES LOPES
*Foreign Demand and Competition Division*
*Economic Research Service*

PRESSED BY growing demand and low agricultural production, Portugal is becoming a significant importer of agricultural products. Portugal's farm imports in 1973 were valued at $660 million—close to 50 percent more than the 1972 level of such imports and more than 2.3 times the average agricultural imports of 1969-71.

Portugal's farm imports continued to increase rapidly in 1974. During January-October, the value of major agricultural imports amounted to about $907 million, almost treble the comparable level of the previous year.

While the tremendous rise in world farm prices has been a major factor in the boost in value of agricultural imports, much of the increase is the result of greater volume of imports of nearly all major commodity groups in recent years.

Portugal's imports of grains and grain preparations approached a value of $150 million in 1973—an increase of 1.5 times and a gain in volume of more than half over the 1969-71 average. In 1973, Portugal imported 1.3 million tons of grain, compared with 855,000 tons averaged in 1969-71.

Coarse grain imports in particular have been expanding rapidly, totaling $112 million in value during 1973—nearly double the value of 1972 and 3.3 times the average of 1969-71. The volume of coarse grain imports in 1973—1.1 million tons—was 2.5 times the average of 1969-71. Corn is the major grain import—totaling 821,000 tons valued at $85 million in 1973, compared with an average 451,000 tons valued at $29 million in 1969-71.

Large imports of wheat and wheat flour continue to be needed to meet domestic requirements. Imports of these items in 1973 totaled nearly 200,000 tons, slightly more than one-third below the 1969-71 average, but representing more than one-fifth of domestic utilization of these commodities.

Because of the sharp increase in prices, wheat imports in 1973 amounted to $31 million, or one-half above the 1969-71 average. Wheat and wheat flour imports are expected to approach 500,000 tons in 1974-75, or just about equal to Portugal's total wheat production in 1974.

Portugal's production of oilseeds, excluding olives, is relatively small, with imports supplying the bulk of requirements. Oilseed imports approached 200,000 tons in 1973, only a tenth above the average of 1969-71, but higher prices pushed the value up by 62 percent to $47 million.

The combined volume of oilseeds crushed, including olives, totaled 324,000 tons in 1973, and Portugal still imported 124,000 tons of oilseed cake and meal and nearly 60,000 tons of other feed ingredients—a total value of $42 million, compared with an average of $14 million in 1969-71.

In addition, increasing imports of edible oils have been needed. These amounted in 1973 to $28 million, including $22 million in olive oil, or nearly six times the average of 1969-71.

Although higher prices accounted for most of the increase, much of the gain was also due to the increased volume, which rose from an average of about 10,000 tons in 1969-71 to 27,000 tons in 1973.

Increasing imports of livestock products have been required to meet rapidly growing domestic demand. Imports of livestock meat products in 1973 amounted to nearly $41 million, lower than those of 1972, but close to 2.5 times the average of 1969-71.

*Harvesting olives in Ribatejo. Olive production in Portugal in recent years has failed to meet domestic demand for edible vegetable oil.*

Fig harvester (top) in Algarve Province. Meat cutter (above) in Lisbon cuts chicken to order. Despite gains in livestock production, Portugal's meat demand exceeds supply.

Continental Portugal (excluding the Azores and Madeira Islands) does not produce cotton, tobacco, or sugarbeets, a market concession until recently granted to the Portuguese states in Africa.

Large imports of natural fibers. particularly cotton, are vital to Portugal's textile industry. In 1973, Portugal's imports of natural fibers totaled 225.300 tons, valued at slightly more than $200 million—close to one-third of the country's total agricultural imports.

Raw cotton imports in 1973 approached 150.000 tons, valued at $142 million, compared with an average 92.000 tons, valued at $61 million, in 1969-71. Also, imports of sugar and sugar preparations have trended rapidly upward in recent years, amounting to $47 million in 1973, compared with an average $27 million in 1969-71.

Most other agricultural imports, such as fruits and vegetables, coffee and spices, hides and skins, and tobacco showed significant increases in both volume and value in recent years.

The United States has benefited from the growth in Portugal's agricultural imports in recent years, and can be considered one of Portugal's significant trading partners.

In 1973, Portugal imported $137 million worth of U.S. farm products—slightly more than twice the 1972 level and nearly $100 million above the 1969-71 average.

Feed imports (coarse grains, oilseeds, and other feedstuffs) from the United States rose from an average of $35 million in 1969-71 to $98 million in 1973—about half the country's total feed imports.

In 1973, Portugal imported 600,000 tons of U.S. coarse grains—mainly corn—valued at $61 million, compared with an average of 222,000 tons and $28 million value in 1969-71.

In the same period, U.S. imports of wheat and wheat flour more than doubled in value to $26 million, while imports of U.S. oilseeds rose more than threefold in value to $21 million.

Despite the temporary U.S. embargo on soybean shipments in 1973, the entire 19,000 tons of soybeans (valued at $5.2 million) imported by Portugal in 1973 came from the United States.

Portugal's farm imports from the United States in both 1974 and 1975 are expected to be up. In 1974, U.S. agricultural exports to Portugal amounted to $210 million, which was about double the level of 1973 shipments.

Portuguese officials estimate grain import requirements—despite the higher prices — during October-September 1974-75 at more than 2 million tons, nearly one-half above the previous comparable period. An estimated 1.25 million tons—about 60 percent—are expected to be supplied by the United States.

Also, more oilseeds—particularly U.S. soybeans—are expected to be imported for both the expanding edible oil market and meal requirements for livestock production.

The United States is expected to make a strong effort to meet the bulk of Portugal's grain and soybean import requirements. Preliminary data for 1974 show Portugal's imports of U.S. soybeans at 52.000 tons and coarse grains at 800,000 tons.

The United States has been maintaining a favorable agricultural trade balance with Portugal. Although Portugal's agricultural exports to the United States have been trending rapidly upward—$41 million in 1973, or about double the 1969-71 average—they have not been sufficient to prevent widening of the agricultural trade deficit with the United States.

Portugal's trade deficit in farm products with the United States rose from an average of less than $20 million in 1969-71 to nearly $100 million in 1973. However, the unfavorable U.S. nonfarm trade balance with Portugal reduced the total favorable trade balance to $70 million in 1973.

There are several reasons for Portugal's rise in agricultural imports. Food production has not kept pace with rapidly increasing consumption. Agricultural production has been rising at an average annual rate of less than 1 percent since 1960.

The average index of food output during 1970-74 was less than 10 percent above that of 1961-65. Although the output of some commodities such as tomatoes and meat has increased notably since 1960, numerous other commodities declined in output.

Meanwhile, the demand for agricultural products has been rising rapidly. During 1960-72, per capita caloric intake rose 25 percent to about 2,950 calories—about the same level as for other West European countries. The average Portuguese diet now contains almost two-thirds more meat and one-

half more milk and eggs than was the case in 1960.

Grain production, in particular, has been falling behind the rapidly expanding requirements. Grain output in the past 3 years at an average of 1.4 million tons was just about equal to the average in 1960-62.

Grain consumption in the same period more than doubled to reach a high of 3.2 million tons in 1973. Wheat production in 1972-74 averaged 552,000 tons, only 13 percent above the average of 1960-62, while wheat consumption rose nearly 20 percent in the same period to an average of nearly 900,000 tons in the past 3 years.

The switch in consumption away from corn is resulting in a rise in wheat consumption. Because of expanding livestock production, requirements of coarse grains have been increasing rapidly, while coarse grain production has been trending downward.

Coarse grain production in 1972-74 averaged about 800,000 tons—5 percent below the average of 1960-62. But coarse grain usage—food, feed, and other—rose from less than 800,000 tons in 1960 to nearly 2 million tons in 1973, and consumption is expected to have exceeded 2 million tons during calendar 1974.

Corn is the main coarse grain used in Portugal. Feed usage is estimated at 1.2 million tons in 1974, with roughly another 150,000 tons of corn used in cornbread or as flour for baking second-quality bread.

Total utilization of corn in 1974 is estimated at nearly three times the level of 1960. In the same period, corn production showed no significant change.

The sharp increase in coarse grains use, along with the greater use of high-protein supplements indicated by imports, is strongly related to the rise in production of mixed feeds, which increased tenfold between 1960 and 1973 and almost doubled in the past 4 years to reach 1.7 million tons.

A much larger volume of mixed feeds is now being used in the broiler, egg, and hog industries. Dairy farmers also are relying on larger use of mixed feeds, particularly during periods of shortages of other feeds.

Portugal's production of the traditional crop—olives, both for oil and for direct consumption—has been trending downward. Serious labor shortages, sharply higher harvest wages, and shrinking olive groves area caused olive oil production to drop to an average of about 46,000 tons in 1972-74, or 40 percent below the preceding 3-year average, and less than one-half the level of the early 1960's.

In sharp contrast, consumption of edible oils has been rising rapidly in recent years. Since 1970, Portuguese consumption of edible oils has risen 20 percent to a high of 120,000 tons in 1973, and is expected to have approached 140,000 tons in 1974.

Portugal has achieved greater success in expanding livestock production, but demand has been increasing even faster, requiring imports to satisfy domestic demand.

Red meat production, including pork fatback and lard, has expanded 48 percent since 1960 to 230,000 tons in 1973 —an increase of 2.5 percent annually, while red meat consumption has risen by slightly more than 5 percent a year. Meat consumption (including poultry meat and edible offal) per person rose from about 50 pounds in 1960 to about 90 pounds in 1973.

Because meat production has failed to keep up with demand, an increasing volume of imported meat has been necessary. Such imports have trended upward from $8 million value in 1970 to a high of $42 million in 1972, but declined to $35 million in 1973. Meat imports averaged 36,000 tons in 1971-73, accounting for nearly one-fifth of total red meat consumption.

Despite the reduced demand resulting from consumer resistance to higher beef prices, Portugal nevertheless in 1973 had to import 20,000 tons of beef and veal with a value of $24 million. In

PORTUGAL: U.S. TRADE IN SELECTED AGRICULTURAL PRODUCTS
[In millions of dollars]

| Item | 1969-71 average | | 1972 | | 1973 | |
|---|---|---|---|---|---|---|
| | Total | U.S. | Total | U.S. | Total | U.S. |
| Imports: | | | | | | |
| Livestock, meat, and dairy products, including preparations | 16.7 | 0.2 | 48.0 | 0.1 | 40.6 | 0.1 |
| Grains and grain preparations | 58.6 | 25.4 | 83.0 | 40.9 | 148.7 | 86.5 |
| Wheat and flour | 20.3 | 11.0 | 15.0 | 12.7 | 30.7 | 25.9 |
| Coarse grains | 33.8 | 28.4 | 61.5 | 28.1 | 112.0 | 60.6 |
| Corn | 28.8 | 12.3 | 53.6 | 27.4 | 84.6 | 52.3 |
| Fruit and vegetables | 13.4 | (1) | 26.3 | (1) | 28.9 | (1) |
| Sugar and sugar preparations | 27.3 | (1) | 37.9 | (1) | 46.8 | (1) |
| Coffee, tea, cocoa, and spices | 13.4 | — | 16.6 | — | 23.0 | — |
| Animal feed [2] | 14.4 | 2.1 | 22.5 | 5.2 | 41.7 | 16.0 |
| Tobacco | 7.6 | 3.1 | 9.0 | 3.2 | 11.6 | 3.4 |
| Oilseeds, oil nuts, oil kernels | 28.9 | 4.9 | 35.8 | 10.4 | 46.8 | 21.3 |
| Soybeans | 5.1 | 4.1 | 4.9 | 3.5 | 5.2 | 5.2 |
| Edible oils | 4.7 | — | 32.2 | — | 27.5 | — |
| Natural fibers | 83.6 | 1.2 | 115.2 | 3.3 | 201.2 | 5.0 |
| Hides and skins | 5.0 | 0.1 | 7.5 | 0.6 | 18.6 | 1.2 |
| Other | 6.5 | 2.1 | 18.4 | 3.3 | 25.1 | 3.7 |
| Total agricultural | 1,621.6 | 100.1 | 2,227.2 | 197.8 | 3,072.8 | 251.3 |
| Total all imports | 280.1 | 39.1 | 452.4 | 67.0 | 660.5 | 137.2 |
| Exports: | | | | | | |
| Fruits and vegetables | 49.4 | 9.6 | 74.2 | 16.3 | 105.2 | 16.4 |
| Wine | 65.4 | 9.7 | 88.4 | 17.5 | 128.3 | 22.0 |
| Other | 31.1 | 1.9 | 30.7 | 2.8 | 53.2 | 2.6 |
| Total agricultural | 145.9 | 21.2 | 193.3 | 36.6 | 286.7 | 41.0 |
| Total all exports | 946.5 | 87.2 | 1,293.8 | 138.9 | 1,861.7 | 181.6 |
| Balance: | | | | | | |
| Agricultural trade | −134.2 | −17.9 | −259.1 | −30.4 | −373.8 | −96.2 |
| All trade | −675.1 | −12.9 | −933.4 | −58.9 | −1,211.1 | −69.7 |

[1] Less than $50,000. [2] Mainly hay, fodder, vegetable oilseed residues, meat and fish meal, and food residues.

1972, such imports amounted to 32,000 tons.

Pork (including fatback and lard) production, which supplies about half of total red meat consumption, remained about constant at 95,000 tons until 1968, but has increased rapidly in more recent years to a high of 124,000 tons in 1973 and up to a preliminary 129,000 tons in 1974.

This increase, however, has fallen short of meeting domestic requirements. Pork imports totaled 12,000 tons in 1972 and 5,400 tons in 1973.

Poultry is the only meat in which Portugal is just about self-sufficient. Poultry slaughter in 1973 is estimated at 70 million birds, producing 79,000 tons of meat—an estimated fivefold increase over the 1960 level of production. The poultry industry, like the hog industry, has benefited greatly from improved production and marketing techniques.

The dairy industry has made some progress in recent years, but has fallen short of meeting all domestic requirements. About 550,000 tons of milk, including 100,000 tons of sheep and goat milk, are being produced annually—about 470,000 tons of this amount commercially.

These amounts are about the same as in the preceding 3 years, but are about one-third higher than those of 1960. Because of increased consumption, about $3 million worth of imported dairy products were needed in 1973—double the average of 1969-71. Late in 1974, about 1,000 quarts of milk a week were being imported from Spain.

**In the next issue, Mr. Lopes will discuss proposals to improve Portugal's agricultural situation.**

## Argentine Farm Earnings

*Continued from page 11*

59 percent while production of citrus fruits was up 42 percent.

Exports of deciduous fruits in 1974 were about 289,000 tons, compared with 88,000 tons in the hail- and frost-damaged crop of 1972-73.

Shipments of deciduous fruits are expected to show further gains in 1975, provided the Government renders more assistance to exporters in the form of higher rebates or a more favorable exchange rate.

Citrus exports in 1974 were estimated at 51,200 tons, up 14 percent from the level of a year earlier. Grapefruit accounted for most of the increase.

**Sugarcane.** Although climatic conditions were excellent, the opportunity for a record crop in 1974 was dashed by labor problems that resulted in a shutdown of mills for 17 days. Production fell 3 percent in 1974, and exports were off 26 percent.

**Cotton.** Area planted in 1973-74 exceeded that of a year earlier by 4 percent, but lint production at 122,000 tons in 1974 was 2 percent below that of the previous year, as a result of a decline in yields. Present indications are that lint production in 1975 will total 125,000 tons, up only marginally from that of the previous year.

**Tobacco.** Production in 1974 was estimated at 97,600 tons, an increase of 37.5 percent over that of the previous year and a record high. Area planted to the 1974-75 crop is about 228,000 acres, an increase of 5 percent over that of a year earlier. Under good growing and harvesting conditions, production is expected to reach 101,700 tons.

**Honey.** Production in 1973-74 (December-March) was estimated at 27,000 tons, an increase of 29 percent over that a year earlier. But output in 1974-75 is expected to drop by about 50 percent unless rains fall in the major producing areas soon. Exports in the first 10 months of 1974 fell to 11,000 tons, compared with 16,000 tons shipped in the comparable 1973 period. Most of the shipments went to West Germany, Japan, and the United States.

**Potatoes.** Production in 1974 amounted to 1,820,000 tons, an increase of 19 percent over that of 1973. Yields were up, and quality was good.

**Tea.** Output of manufactured tea in 1974 fell to 18,000 tons, down 22 percent from that of 1973. Unfavorable weather and the unwillingness of producers to harvest their entire crops in protest against Government prices were blamed.

**Cassava.** Although planted area in 1974 was the same as that of 1973, favorable climatic conditions prevailed and production at 203,000 tons was about 15 percent higher than that of 1973.

**Sweetpotatoes.** Drought conditions adversely affected yields, and output fell 32 percent to 320,000 tons in 1974.

## East German Feed-Livestock

*Continued from page 7*

increase from 15 percent in the base period to 22 percent in 1980.

Few changes in East Germany's agricultural policies are planned for the short-term future. The primary focus of officials charged with planning agricultural development will continue to be specializing and enlarging production units. For example, farmland occupied by State farms increased from 1,460 acres to 2,152 acres between 1960 and 1973, while collective farms grew from 694 to 2,026 acres. Of total agricultural land, only about 7 percent is privately or church owned.

Production specialization is illustrated by such complexes as the agrochemical centers, which are independent enterprises servicing farms with both fertilizers and plant protecting agents. Of the 300 agrochemical centers planned for 1975, some 250 are now in operation. The mixed feed industry is another specialized sector, where 103 plants produced 3.7 million tons of feed in 1973.

Chief among the factors contributing to production growth in East Germany has been the use of improved grain varieties, specialized production of both crops and livestock, and scientific use of adequate fertilizer, herbicides, and pesticides. Cooperation horizontally among farms and vertically with industry has aided in output expansion. Also, a soil improvement program is now in progress that could result in irrigation of about 740,000 additional acres and drainage of some 1.2 million by 1975.

## Greece Gets Cannery Loan From World Bank

International Finance Corporation, a World Bank affiliate, is lending $1.15 million to Hellenic Food Industries, S.A., a new company in Greece. The investment consists of a loan of $1 million and an equity subscription of about $150,000 equivalent. Total cost of the project is $4.1 million.

The project is the first stage of a fruit- and vegetable-growing, processing, and canning program that will start with the building and operation of a plant to can fresh tomatoes at Larrissa, Thessaly, in an area having irrigation developed with World Bank financial assistance.

# CROPS AND MARKETS

## GRAINS, FEEDS, PULSES, AND SEEDS

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | March 4 | Change from previous week | A year ago |
|---|---|---|---|
| | Dol. per bu. | Cents per bu. | Dol. per bu. |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5 | 4.98 | −29 | 6.70 |
| USSR SKS-14 | (1) | (1) | (1) |
| Australian FAQ[2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 4.84 | −30 | 6.67 |
| 15 percent | 5.03 | −31 | (1) |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 4.49 | −27 | 6.68 |
| No. 3 Hard Amber Durum | 7.08 | −5 | 8.90 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | (1) |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 3.12 | −20 | 3.86 |
| Argentine Plate corn | 3.50 | −23 | 4.08 |
| U.S. No. 2 sorghum | 2.97 | −30 | 3.54 |
| Argentine-Granifero sorghum | 3.00 | −28 | 3.50 |
| U.S. No. 3 Feed barley | 3.23 | −16 | 3.25 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 5.46 | −56 | 7.46 |
| EC import levies: | | | |
| Wheat | 1.35 | +42 | 0 |
| Corn | 1.07 | +25 | 0 |
| Sorghum | 1.28 | +44 | 0 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

### Australia Sells Peru 225,000 Tons of Wheat

The Australian Wheat Board (AWB) has completed the sale to Peru of 225,000 metric tons of Australian hard wheat, minimum 12 percent protein. One-hundred-thousand tons have been contracted for March-May delivery at A$120 (US$164) per metric ton, f.o.b. The remaining 125,000 tons are expected to be shipped in August-November, but the price has not been set. The contract provides for payment in 12 months from date of shipment—10 percent on shipment, 20 percent in 3 months, 20 percent in 6 months, and 50 percent in 12 months.

The above sale is interesting in that it represents a significant increase in Australian wheat sales to Peru. In fiscal years 1973 and 1974, Australia exported to Peru only 83,000 and 65,000 tons of wheat, respectively. The latest sale was made during a recent visit to Latin America by members of the AWB for the purpose of expanding wheat sales to that region.

### Japan's Feed Output Gain Slows

Production of mixed feed in Japan during January-October 1974 totaled 14.64 million metric tons—a below-trend gain of 1.3 percent compared with the same period of 1973.

Consumption of soybean meal in mixed feed of 1.46 million tons in the 10-month period was 5,000 tons below the volume of the year earlier period. The slight reduction in soybean meal consumption reflected a 12,500-ton increase in fishmeal consumption to a volume of 470,000 tons.

Japan's imports of soybeans and meal during the 10-month period totaled 2.46 million tons meal basis—down 7 percent or 190,000 tons below the same period of 1973. It is believed that Japanese imports of soybeans and meal in recent months have been less than consumption, and that an increase in consumption may be expected in the coming months.

### Australia Sorghum Production Down

Grain sorghum production in Australia is now estimated at 800,000-850,000 metric tons. This compares with the previous estimate of 1.3 million tons by the U.S. Agricultural Attaché.

The sharp drop in production is attributed to the lack of rain during the past 10 weeks in northern New South Wales, where about half of the plantings have been abandoned. Recent rains in Queensland, where the situation was becoming critical, have saved the crop in that State.

Grain sorghum exports during 1975-76 (April 1975-March 1976) are now expected to total about 500,000 tons. In 1974-75 (April 1974-March 1975), Australia produced 1.1 million tons of grain sorghum, with exports projected at 815,000 tons.

### Lower French Corn Prices in Rotterdam

The competitive position of U.S. No. 3 yellow corn has changed in the Rotterdam market vis-à-vis French corn. On January 23, the quoted price for U.S. No. 3 yellow corn (April delivery) c.i.f. Rotterdam, was $135 per metric ton and the corn levy was $25.30 per metric ton, while French corn (April delivery) sold for $169.20 per metric ton. As of February 26, however, the price of French corn had declined to within US$1 of the price of U.S. corn, including the levy.

## TOBACCO

### U.K. Tobacco Imports Increase

One of the few agricultural imports by the United Kingdom to show an increase in 1974 was tobacco, but the U.S. share of that trade dropped.

Quantity and value of tobacco imports during January-November 1974 increased 11.5 percent and 20 percent respectively above the same period of 1973.

Although the United States remained the largest single source of supply, the U.S. share dropped from 38 to 27 per-

cent over this period. The other major suppliers—Canada and India—shipped larger quantities, and there was a further marked increase in shipments from South Korea.

A major reason for the switch in suppliers was the U.K. shift to EC tariff policies, as well as differences in price.

Data published by the U.K. Tobacco Advisory Committee show a marginal decline during 1974 in consumption of almost all types of tobacco products. For the first time since 1971, there was a decline in cigarettes consumed of about 0.3 percent, or 400 million pieces. In terms of manufactured weight of cigarette consumption, the decline was 1.5 percent, with all the reduction in consumption of plain, untipped brands.

The reduction in cigarette smoking and its confinement to plain brands was an interaction of both price (mainly tax) and health factors. An increase in tobacco taxation in 1974, including a 6 percent ad valorem duty on leaf tobacco, resulted in more expensive brands of cigarettes. As a result, a large portion of the plain, untipped brands increased in price per package about 16 percent.

It seems likely that these sharp increases in prices of more expensive brands caused some smokers to switch to small, cheaper, tipped brands indicated to be more acceptable by health safety tables.

UNITED KINGDOM: IMPORTS OF UNMANUFACTURED TOBACCO, 1972-74
[In million lb]

| Country | January-November | | |
|---|---|---|---|
| | 1972 | 1973 | 1974 |
| United States | 102.9 | 113.0 | 91.0 |
| Canada | 53.9 | 40.0 | 60.3 |
| India | 37.0 | 48.5 | 61.5 |
| Malawi | 17.7 | 19.6 | 16.1 |
| Thailand | 2.6 | 36.1 | 4.0 |
| South Korea | 8.7 | 11.4 | 22.1 |
| Total[1] | 268.5 | 299.4 | 333.2 |

[1] Columns do not add, as total includes imports from all sources.

## U.S. Tobacco Exports Top $1 Billion

Combined value of U.S. exports of unmanufactured tobacco and tobacco products set an alltime record of $1.2 billion in calendar 1974. Unmanufactured tobacco valued at $832 million, was up 22 percent from a year earlier.

Value of manufactured product exports increased by one-fourth to reach $360.5 million in 1974. With imports for consumption of $215 million in leaf tobacco and manufactured products, tobacco made a positive net contribution to the U.S. balance of payments of nearly $1 billion in calendar 1974.

Total exports of unmanufactured tobacco to Western Europe were off 14 percent. Decreased shipments to the major markets in West Germany, the United Kingdom, Belgium-Luxembourg, Denmark, Sweden, and Switzerland were only partially offset by increased exports to France, Italy, Ireland, and Spain. This decline was offset, however, by larger exports to Asia, which increased by 42 percent during 1974.

Japan became the leading market for U.S. unmanufactured tobacco exports in 1974, exceeding both the United Kingdom and West Germany for the first time. Shipments to Japan were up 39 percent to 109.6 million pounds valued at $165 million. Shipments to the Republic of China, Malaysia, the Philippines, and Thailand were also up substantially.

U.S. exports of leaf and products also enjoyed a strong market in the Mideast during 1974. The value of manufactured tobacco shipments was up 38 percent to $80.7 million. Leaf exports to this area more than quadrupled in volume and the value increased by almost 5 times to reach $44.5 million.

Exports in fiscal 1975 are likely to be slightly below those of year-earlier volume. However, the total value should exceed that of fiscal 1974 because the current unit value is averaging considerably above that of 1974.

The lower volume forecast for fiscal 1975 will be more the result of supply than demand, as U.S. reserve stocks of domestic flue-cured and burley leaf have been practically depleted. Whether exports during calendar 1975 can be maintained will depend in large part on produtcion of these types during the current crop year.

# OILSEEDS AND PRODUCTS

## Major Markets Import Less Oilseed and Meal

Based on the most recent import data available for 1974 imports of oilseeds and meals into 8 major markets of 15. million tons (soybean meal basis) were down 4.3 percent from the comparable months in 1973 (see table for months). The net decline in imports equaled the protein fraction of 3 million bushels of soybeans. The decline largely reflected sharp reductions by Japan and the United Kingdom, partly offset by a substantial increase in imports by the Netherlands.

Meanwhile, imports of soybeans and meal into the same eight countries for the same months of 1974 rose by 8 percent to 11.4 million tons. The aggregate import gain of 831,000 tons was equal to the protein fraction of 38 million bushels of soybeans. The indicated percentage gain significantly exceeds the 6 percent gain indicated 2 months ago. All of the eight markets registered gains in imports of soybeans and meal except Japan.

The strength in imports of soybeans and meal chiefly reflects the fact that soybean meal prices (basis Europe) during January-November 1974 averaged only 14 percent above the price of corn, compared with the same 11 months of 1973 when meal prices averaged 111 percent above corn prices. Because of the extensive decline in the soybean meal/corn price ratio in recent months, soybean meal has at times been priced at the same level per pound as corn, compared with a ratio of 1.5 to 1.0 in January 1974. These unusual circumstances are causing foreign cattle and hog feeders to use larger-than normal proportions of meal in their rations. The price of corn should establish a floor price for meal from which meal prices could rebound as meal feeding rates increase.

U.S. exports of soybeans and meal during calendar 1974 to the eight countries indicated above totaled 11.15 million metric tons (meal basis)—6 percent above the 10.51 million exported in 1973. Most of the increase took place during the November-December period. Total U.S. exports of soybeans and meal to all destinations in calendar 1974 were 16.15 million tons (meal basis), or 8 percent above the 14.92 million exported in 1973.

The selected eight major markets represented a somewhat smaller proportion of U.S. exports in calendar 1974. This reflects the fact that sharp increases in U.S. exports were registered to other destinations such as the People's Republic

China, Mexico, Yugoslavia, and Canada. The balance of the gain in imports of soybeans and meal into the eight selected countries reflects expanding movements from Brazil.

IMPORTS OF SOYBEANS AND MEAL AND TOTAL OILSEEDS AND MEALS BY EIGHT MAJOR MARKETS, 1973 AND 1974[1]
[In 1,000 metric tons]

| Country | Period | Soybeans and meal 1973 | Soybeans and meal 1974 | Total oilseeds and meals 1973 | Total oilseeds and meals 1974 |
|---|---|---|---|---|---|
| West Germany | Jan.-Dec. | 2,542 | 2,597 | 4,057 | 4,009 |
| United Kingdom | Jan.-Nov. | 748 | 864 | 1,747 | 1,424 |
| Denmark | Jan.-Nov. | 549 | 613 | 953 | 900 |
| Italy | Jan.-Jun. | 586 | 661 | 738 | 753 |
| France | Jan.-Nov. | 1,398 | 1,741 | 2,264 | 2,314 |
| Spain | Jan.-Nov. | 1,019 | 1,170 | 1,544 | 1,538 |
| Netherlands | Jan.-Sept. | 891 | 1,254 | 1,312 | 1,581 |
| | Jan.-Nov. | 2,793 | 2,457 | 3,820 | 3,125 |
| Total | | 10,526 | 11,357 | 16,435 | 15,734 |

[1] Expressed in 44 percent soybean meal equivalent.

## DAIRY AND POULTRY

### New Zealand Milk Output Up

Milk production in New Zealand continued to show signs of recovery in December as milk fat processed for manufacturing increased by 2 percent over the same month a year earlier.

Pasture conditions were good—especially in the major dairy producing area of Waikato. Total milk fat output so far this marketing year (June-December 1974), however, is still 1.7 percent below the same period of 1973.

The New Zealand Dairy Board has been encouraging processors to shift from nonfat dry milk production to cheese production. New Zealand stocks of nonfat dry milk on January 1 were reported at 143,500 metric tons, compared with 90,000 tons a year earlier.

New Zealand's butter production in June-December 1974 totaled slightly more than 151,000 tons, up by 2.7 percent. Cheese output of nearly 40,000 tons was down 28 percent, compared with the same period of 1973. Milk output in 1974-75 is now expected to be about the same as in the previous season.

## LIVESTOCK AND PRODUCTS

### EC Proposes Beef Levy System

The European Community has proposed a new beef levy system, which appears to increase the protection against third-country suppliers.

Three basic levies would operate under the new system; one each for live cattle, fresh and chilled beef, and frozen beef. As in the current system all the levies are derived from the levy on imported live cattle. The basic levy under the new system would be fixed for 3 months, but the actual levy applied would be more or less than the basic levy depending on the average live cattle price in the EC. Currently, levies are usually fixed on a monthly basis.

In the present system levies are removed when the average price of EC live cattle is 106 percent of the guide price. In the new system they would not be removed until the average price of live cattle was 112 percent of the guide price. In addition, when the average price of EC cattle falls below 91 percent of the guide price, the rate of levy increases to 130 percent of the basic levy; while in the present system, the levy would not exceed the actual difference in prices.

### Japan Proposes Beef Price Program

The Japanese Government on February 14 proposed the establishment of a price stabilization and intervention program for domestic beef. The program is subject to the approval of the Japanese Parliament.

Under the proposal, the Government-controlled Livestock Industry Promotion Corporation would buy domestic beef when prices drop below a set level, and would release beef to the market when prices exceed a fixed ceiling. Ceiling and floor prices are to be determined before the start of the new fiscal year on April 1.

The existing ban on Japanese beef imports is to remain in effect. However, under the proposed stabilization system, there will be provision for a regular beef quota when prices are below the ceiling, and a special additional quota when prices are above the ceiling.

### U.K. Lifts Ban on U.S. Pork

The United Kingdom on April 1 will lift its ban on imports of fresh and frozen pork and pork offal from the United States. The U.K. Government notes that the United States has eradicated swine fever.

The United Kingdom is the world's largest market for pork. In 1973, it accounted for 27 percent of world pork imports, more than twice the size of the U.S. market.

Although European Community countries are major suppliers of pork, the United States could be in a position to make large gains in the U.K. pork variety meat market.

## FRUIT, NUTS, AND VEGETABLES

### Smaller Japanese Canned Fruit Pack

Japan reports a smaller 1974 canned deciduous fruit pack. Production is estimated at 4.5 million cases, 12 percent below the 1973 pack of 5.1 million cases. Acreage devoted to the two largest commodities, peaches and apples, continues to decline; however, new cherry plantings have increased acreage in cherries by about 3 percent. Spring and early summer weather conditions were very favorable, while later season conditions were reported generally fair.

Estimated 1974 canned production, in cases, 1973 in parentheses: White fleshed peaches, 2,150,000 (2,316,000); yellow fleshed peaches, 500,000 (517,000); apples, 800,000 (779,000); mixed fruit, 450,000 (478,000); cherries, 350,000 (739,000); pears, 180,000 (241,000); other, 75,000 (72,000).

Japan is a net importer of canned deciduous fruit. Calendar 1973 imports of canned peaches totaled 1,186,000 cases, while exports were only 9,300 cases. Other important items were mixed fruit imports of 166,700 cases and exports of 109,500 cases, and pear imports of 90,400 cases and exports of 112.

Calendar 1974 imports are estimated at well below the 1973 import totals.

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FOREIGN AGRICULTURE

## Hearings on Trade Items

*Continued from page 12*

weeks prior to the date the hearing is to begin in the city where the appearance is to be made. Such requests must contain the following information:

- A description of the article or articles on which testimony will be presented, including, if possible, the item number or numbers in the Tariff Schedules of the United States covering the article or articles. *The Tariff Schedules of the United States Annotated (1975)* is for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20202; and is also available for inspection without charge at any field office of the U.S. Customs Service, or the Department of Commerce, and at depository libraries.
- The name and organization of the witness or witnesses who will testify, and the name, address, telephone number, and organization of the person filing the request.
- A statement indicating whether the testimony to be presented will be on behalf of importers, domestic producers, consumers, or other interests.
- A careful estimate of the aggregate time desired for presentation of oral testimony by all witnesses for whose appearances the request is filed

**Allotment of time.** Because of the extensive scope of the Public List, limitation of time for the presentation of oral testimony is in the public interest. Accordingly, in scheduling appearances at the hearing, the time to be allotted to witnesses for the presentation of oral testimony will be limited as circumstances require. Supplemental written statements will be allowed in all cases, and should be submitted at the time of presentation of oral testimony.

**Notification of date of appearance.** Persons who have properly filed requests to appear will be individually notified in advance of the date on which they are to present oral testimony and of the time allotted for presentation of such testimony.

**Order of hearings.** To the extent practicable the hearings in each city will follow the order of the Tariff Schedules of the United States, beginning with Schedule 1, Animal and Vegetable Products.

**Questioning of witnesses.** Such questioning will be limited to members of the Commission and its staff.

Written information and views in lieu of appearances at the public hearings may be submitted by interested persons. A signed original and 19 true copies of such statements should be submitted. Business data to be treated as confidential should be submitted on separate sheets, each clearly marked at the top "Business Confidential."

All written statements, except for confidential business data, will be made available for inspection by interested persons. To be assured of consideration by the Commission, written statements in lieu of appearances should be submitted at the earliest practicable date, but not later than the date of the closing of the public hearings.

All communications regarding the Commission's investigation should be addressed to the Secretary, United States International Trade Commission, Washington, D.C. 20436.



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